



Committee on Urban and Local Affairs

County Financial Stabilization Act – Repeal of 1992 Levy Rate Limit (AB 788)

March 23, 2010

Thank you, Chairperson Berceau and committee members, for the opportunity to testify today on Assembly Bill 788.

This issue was brought to my attention by Winnebago County Executive Mark Harris, who is here with me today to explain how crucial this legislation is for Winnebago and other counties across the state. But I want to first give you an overview of the issue and why I have proposed this legislative fix.

Due to the global recession and real estate meltdown we have seen broad fluctuation in property values across Wisconsin. Counties have adjusted to the fluctuating values with by changing rates in order to appropriately fund vital county programs.

However, counties face two conflicting budgetary limits when considering operating levy increases. 1) Counties may not exceed their operating levy rate of 1992 without a referendum. 2) Counties may not impose a total operating levy increase of more than 3% without a referendum. These two limits come into conflict when property values grow at less than 3% and a County equalized operating limit is nearing the 1992 limit.

The first limit was passed during a time when it was expected that property values would always increase. In 1992 it was not anticipated that property values would decline. Now counties that had held their spending down and had lower than average operating rates in 1992 could find they are unable to increase their levy to the limit of 3% and face even lower spending limits. Some counties have kept their operating levy rate below the 1992 limit by adding the .5% option sales tax which would almost be forced upon remaining counties without this change.

Eight counties have lower than average operating rates, and it is these counties that could potentially be affected by the conflicting limits in the very near future. Manitowoc, La Crosse, Columbia, Winnebago, Marathon, Portage, Fond du Lac and Kewaunee counties are 10% or less under the 1992 operating rate limit. Since we are currently dealing with a severe economic downturn, demand for county services have gone up we must do something to give these counties options to work with.

When I was looking at this bill and the counties that are on the bubble, I was surprised that 4 members represent counties that are affected.

- Rep. Bob Ziegelbauer - Manitowoc County.
- Rep. Richard Spanbauer - Winnebago County & Fond Du Lac County.
- Rep. Daniel LeMahieu - Fond Du Lac County.

AB 788 repeals the 1992 levy rate limit and increases local control over funding options so that counties and their residents have greater control of their budgets in times of fiscal uncertainty. By lifting this provision counties will have more flexibility to maintain services at a level they see fit and ensure that counties with historically low tax rates aren't punished for their fiscal responsibility years ago. All of the counties would remain subject to the same levy limits included in the state budget of 3%.

We need to assist our counties, they are struggling and we can help them with a simple fix to an unintended consequence of the 1992 rate limits. And I ask for your support for AB 788.

Public Hearing before Committee on Urban and Local Affairs March 23, 2010

Assembly Bill 788 Sunset provision for county operating rate limit

Summary of comments by Winnebago County Executive Mark Harris

Counties are subject to several budget restraints imposed by the state.

- Continuation of effort in Law Enforcement

- Limits on ability to reduce funding to libraries

- Requirement to leave savings from Family Care with Human Services

- Mediation arbitration rules limit ability to control wages and benefits

- Declining portion of county budgets coming from intergovernmental transfers (42% in 2005 decreased to 37% in 2010)

- Shifting responsibility from the State to the County for mental health placements and other Services

Winnebago County is very thrifty

- Average total annual spending has increased only 2.5% per year over the last five years

- Winnebago County has operated within the levy freeze each year- using less than the allowed amount in recent years

- Winnebago County has never adopted a sales tax

The operating rate limit will force tax cuts and service cuts at a time when the demand for social services, income support and law enforcement are growing rapidly. Declines in the market value of property will result in lower taxes even if assessments are unchanged.

2011 budgets are based on 2009 market values. Federal Housing Finance Data suggests significant declines in 2009 Wisconsin home prices. Money magazine predicts continued

declines for all Wisconsin cities for 2010. Commercial real-estate may be the next sector to decline.

The levy freeze holds counties to the greater of new construction or a floor amount (usually two or three percent). The floor amount recognizes the cost to continue government even when there is little new construction. The rate limit holds counties to a total levy equal to the equalized value of the tax base in thousands times the equalized operating rate in effect in 1992. Note that each county has their own rate limit with thrifty counties locked into low rates and other counties locked into higher rates. The operation of the rate limit will prevent Winnebago County from benefiting from the floor amount provided under the levy freeze.

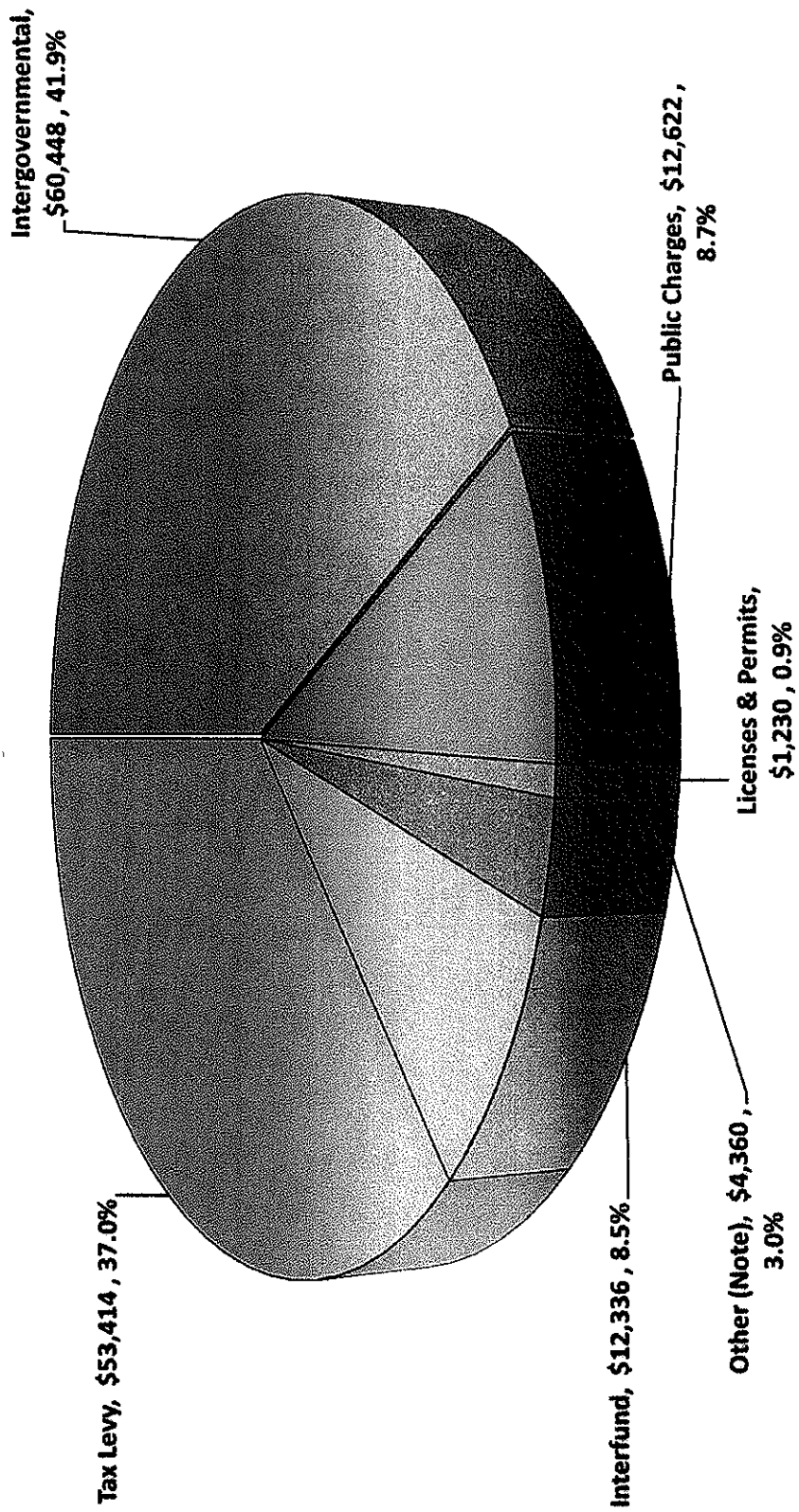
What are the public policy reasons behind the combination of limitations? The levy freeze prevents a county from benefiting from the appreciation of the tax base when times are good and the operating rate limit punishes counties when there is deflation of the tax base.

The most likely result is that counties will push operating expenditures like road repairs and squad cars into their capital plan to hold down operating expenses. This actually hurts the taxpayer in the long run because it increases long term debt for recurring expenses. It will also force cuts to quality of life spending such as nursing homes, two year college campuses, and parks at the worst possible time. These cuts will likely aggravate the decline in the community.

Winnebago County Wisconsin

Where the Funds Come From - 2005

(Dollars in thousands)

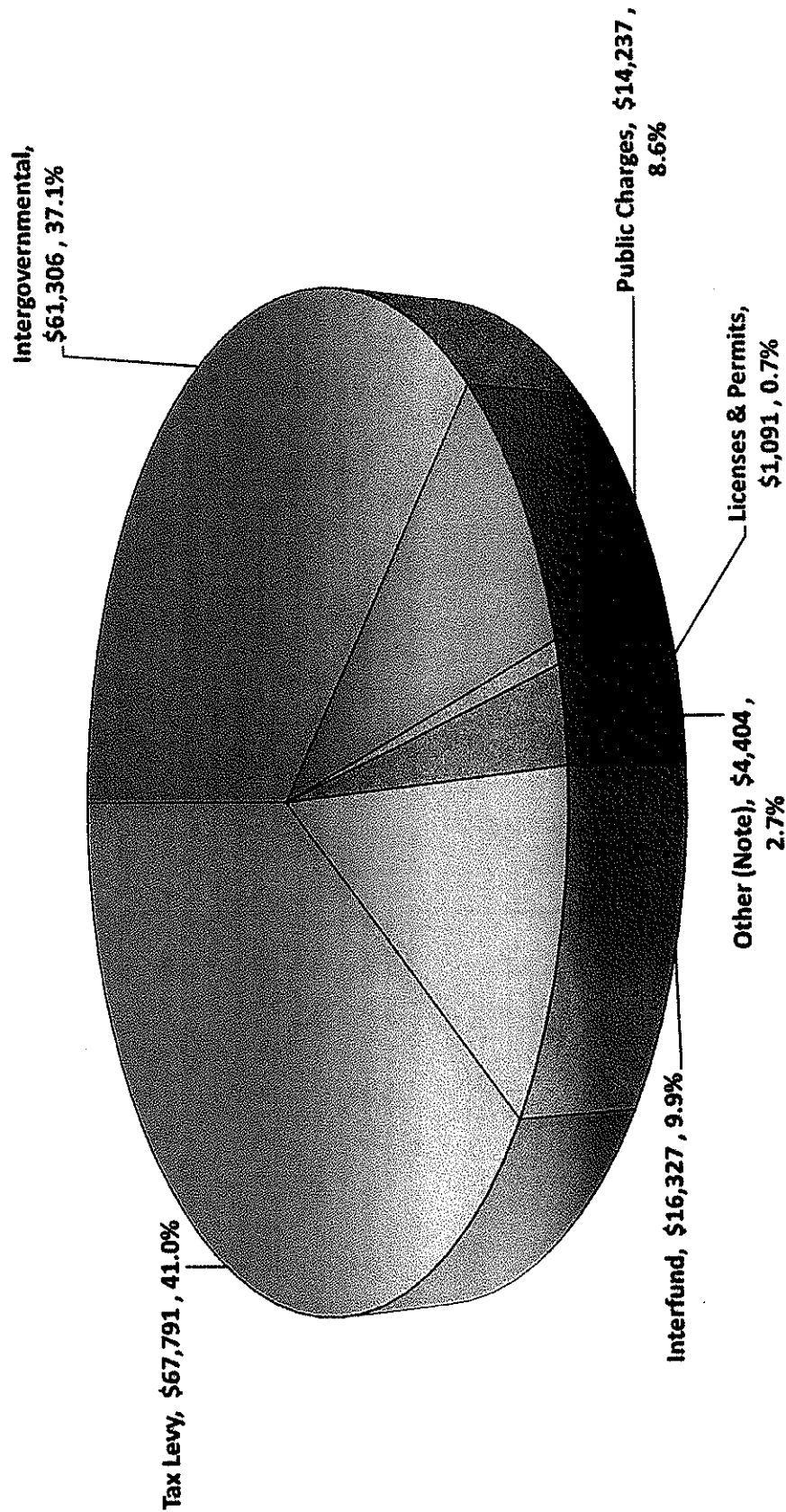


Note: "Other" category consists of other taxes, interest on investments, and other miscellaneous revenues such as rental, nonoperating grants, and sale of property & equipment.

Winnebago County Wisconsin

Where the Funds Come From - 2010

(Dollars in thousands)



Note: "Other" category consists of other taxes, interest on investments, and other miscellaneous revenues such as rental, nonoperating grants, and sale of property & equipment.

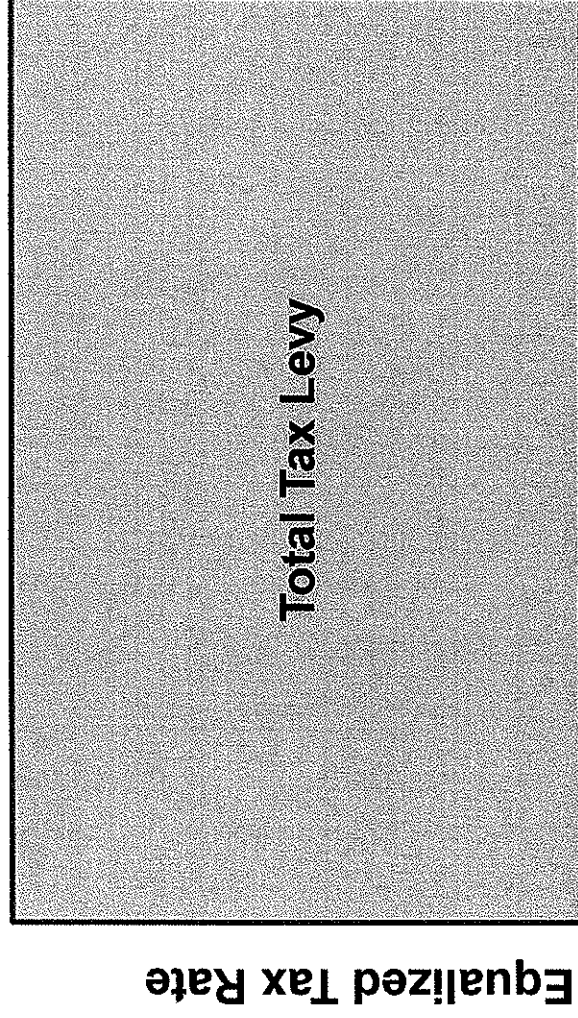
Winnebago County

Where the Funds Come From

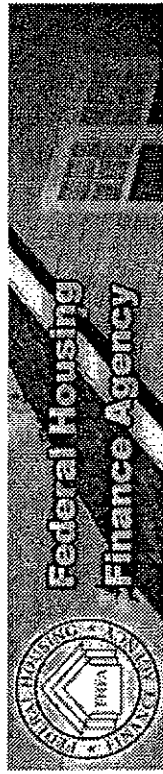
	2005	2010
Intergovernmental	\$ 60,448	\$ 61,306
Public Charges	12,622	14,237
Licenses & Permits	1,230	1,091
Other (Note)	4,360	4,404
Interfund	12,336	16,327
Tax Levy	53,414	67,791
	<u>\$ 144,410</u>	<u>\$ 165,156</u>

Note: "Other" category consists of other taxes, interest on investments, and other miscellaneous revenues such as rental, nonoperating grants, and sale of property & equipment.

The total County tax levy is a function of the equalized rate and the equalized value in thousands. The equalized value for most property is the market value.



Federal Housing Finance Agency - City HPI Data



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Provide effective supervision, regulation and housing mission oversight of Fannie Mae, Freddie Mac and the Federal Home Loan Banks to promote their safety and soundness, support housing finance and affordable housing, and support a stable and liquid mortgage market.

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MSA HPI Comparisons

Four-Quarter Percent Change in FHFA MSA-Level House Price Indexes (All Transactions Index, 2009Q4)

Year	Quarter	Milwaukee-Waukesha-West Allis, WI	Sheboygan, WI	Oshkosh-Neenah, WI
2009	4	-3.54	-3.76	-1.54
2009	3	-2.61	-1.14	-0.51
2009	2	-2.68	0.12	-0.46
2009	1	-2.01	-1.65	-0.95
2008	4	-2.22	-0.62	-0.85
2008	3	-2.06	-1.57	-0.31
2008	2	-0.89	-1.31	-0.07
2008	1	0.62	0.93	1.84
2007	4	0.25	0.73	0.67
2007	3	0.81	1.63	1.88
2007	2	1.94	3.45	3.86
2007	1	2.24	5.89	1.98
2006	4	3.06	3.85	3.03



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BIGGEST PRICE DROPS BIGGEST PRICE GAINS ALL CITIES

Wisconsin

Wisconsin

City	One-year forecast (Q1 2010 - Q1 2011)
Janesville	-3.1%
Milwaukee	-3.0%
Madison	-3.0%
La Crosse	-2.8%
Racine	-2.4%
Sheboygan	-2.0%
Appleton	-2.0%
Fond du Lac	-2.0%
Wausau	-2.0%
Eau Claire	-1.9%
Oshkosh	-1.8%
Green Bay	-1.3%

Biggest price changes



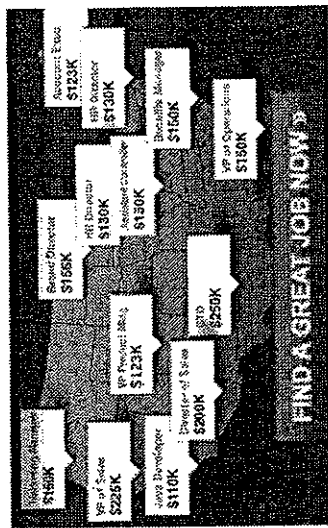
Show: Top 25 drops | Top 25 gains

Pick a state

A-H	I-M	N-Q	R-Z	Cities
State				
Rhode Island				1
South Carolina				8
South Dakota				2
Tennessee				10
Texas				26
Utah				5
Vermont				1
Virginia				9
Washington				11

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COUNTY	1992		2009		2009 % BELOW		% CHANGE IN EQUALIZED VALUE 2008-09	2010		2010 % BELOW	
	OPERATING RATE		OPERATING		RATE			OPERATING		RATE	
	LIMIT		RATE		LIMIT			RATE		LIMIT	
Columbia		3.80	3.58		5.79%		0.63	3.69		2.89%	
Winnebago		4.71	4.38		7.01%		0.70	4.53		3.82%	
La Crosse		3.24	3.15		2.78%		2.55	3.08		4.94%	
Marathon		5.31	4.88		8.10%		-0.34	4.96		6.59%	
Fond du Lac		4.64	4.16		10.34%		1.54	4.30		7.33%	
Kewaunee		6.91	6.18		10.56%		1.71	6.33		8.39%	
Waupaca		4.57	4.00		12.47%		0.41	4.17		8.75%	
Manitowoc		5.05	4.92		2.57%		4.57	4.55		9.90%	
Iowa		5.56	4.72		15.11%		0.25	4.92		11.51%	
Rock		5.89	4.86		17.49%		-0.88	5.18		12.05%	
Outagamie		4.57	3.92		14.22%		0.67	3.99		12.69%	
Crawford		6.91	5.56		19.54%		1.62	5.94		14.04%	
Portage		4.77	4.30		9.85%		0.01	4.09		14.26%	
Jackson		6.85	5.88		14.16%		3.63	5.85		14.60%	
Monroe		6.48	5.34		17.59%		0.47	5.48		15.43%	
Pierce		5.47	4.18		23.58%		-5.91	4.59		16.09%	
Juneau		5.42	4.23		21.96%		-3.25	4.54		16.24%	
Lincoln		6.04	4.92		18.54%		1.12	5.01		17.05%	
Brown		4.45	3.63		18.43%		-0.38	3.69		17.08%	
Taylor		7.81	6.49		16.90%		1.49	6.47		17.16%	
Wood		5.51	4.35		21.05%		0.59	4.52		17.97%	
Shawano		5.35	4.22		21.12%		-0.12	4.37		18.32%	
Chippewa		3.87	3.06		20.93%		-0.34	3.16		18.35%	
Sauk		5.12	3.99		22.07%		-1.42	4.16		18.75%	
Barron		4.57	3.58		21.66%		-0.80	3.70		19.04%	
Marquette		6.79	5.30		21.94%		-0.87	5.45		19.73%	
Ashland		5.77	4.42		23.40%		-1.43	4.63		19.76%	
Dunn		7.62	5.66		25.72%		-0.31	6.11		19.82%	
Lafayette		8.18	5.89		28.00%		2.86	6.54		20.05%	
Kenosha		3.66	2.75		24.86%		-0.56	2.92		20.22%	
Eau Claire		3.45	2.82		18.26%		0.49	2.75		20.29%	



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

September 28, 2009

TO: Representative Gordon Hintz
Room 322 West, State Capitol

FROM: Rick Olin, Fiscal Analyst

SUBJECT: County Tax Rate Limit

At your request, this memorandum provides information on the county tax rate limit program and current levels of county property taxes.

The 1993-95 state budget (1993 Wisconsin Act 16) imposed a tax rate limit on the general operations portion of each county's levy beginning with the 1993 tax levy (payable in 1994). For purposes of the control, each county's total tax levy and rate are separated into two components. The debt levy and debt levy rate are comprised of amounts for debt service on state trust fund loans, general obligation bonds, appropriation bonds, and long-term promissory notes, while the operating levy and operating rate are comprised of all other taxes. Each county's operating levy is limited to no more than an amount based on its prior year's allowable levy plus an adjustment equal to the percent change in the county's equalized value. For example, if a county's equalized value increases, or decreases, by 5%, its allowable levy will increase, or decrease, by 5%. This mechanism has the effect of limiting each county's tax rate to the rate that was in effect in 1992(93), the year before the tax rate limit took effect, unless a county has claimed an adjustment to its levy.

If a county exceeds its operating levy rate, its aid payment under the county and municipal aid program is reduced by the amount of the excess. Since the program's inception, there have been few violations, and over time, the program's ability to constrain county tax levies has declined. This has occurred because property values have increased considerably faster than county expenditures and the taxes used to fund those expenditures. Between 1992 and 2008, equalized property values increased 219.2%, while county purpose tax levies (for operations and debt service, combined) grew by 127.8%. As a result, the statewide average county tax rate has decreased from \$5.22 per \$1,000 of value to \$3.72 per \$1,000 of value.

Attachment 1 reports the statewide average county tax rates and the tax rates for each of the state's 72 counties for 1992(93) and 2008(09) and indicates the percentage change in tax rates since

1992(93). In general, more rapid rates of growth in property values than in tax levies have produced lower tax rates, and Attachment 1 displays tax rate reductions of 10% or more for most counties. However, tax rate reductions of less than 10% occurred in five counties, and two counties experienced tax rate increases:

<u>County</u>	<u>1992(93) Tax Rate</u>	<u>2008(09) Tax Rate</u>	<u>2008(09) as a % of 1992(93)</u>
Columbia	\$4.62	\$4.35	-6.0%
Crawford	6.61	6.41	-3.0
Fond du Lac	4.98	5.03	0.9
Juneau	5.43	4.91	-9.5
Portage	5.26	4.80	-8.6
Waupaca	5.69	5.51	-3.3
Winnebago	5.37	5.71	6.3

This data illustrates that the county tax rate limit could be a constraint for some counties, even though Attachment 1 suggests that the limit is not a constraint for most counties. The preceding tax rates reflect county tax levies for all purposes. However, the focus of the tax rate limit is each county's operating levy. Therefore, if a county has raised its debt levy and its debt levy rate has increased, a county could have a higher tax rate in 2008(09) than in 1992(93) without violating the tax rate limit on its operating levy.

Attachment 2 provides information on the operating levy, as defined under the county tax rate limit program, for each of the state's 72 counties. The attachment reports the actual and allowable operating levies for each county in 2008(09) under the county tax rate limit program and the difference between the two amounts. This latter amount reflects each county's unused levy capacity. While all 72 counties appear to have levied within their limit, the difference between the actual and allowable levies is less than 10% for five counties:

<u>County</u>	<u>Actual 2008(09) Operating Levy</u>	<u>Allowable 2008(09) Levy</u>	<u>Difference</u>	<u>Difference as a Percent of Actual</u>
Columbia	\$18,712,755	\$19,824,513	\$1,111,758	5.9%
La Crosse	23,871,328	24,573,532	\$702,204	2.9
Manitowoc	25,007,340	25,666,200	658,860	2.6
Marathon	46,155,458	50,171,790	4,016,332	8.7
Winnebago	50,634,502	54,411,702	3,777,200	7.5

While these counties were within their limits for 2008(09), the tax rate limitation is likely to be a greater constraint on 2009(10) levies due to changes in equalized values. Between 2007 and 2008, the equalized value of taxable property increased by 3.3% on a statewide basis. One county experienced a decline in value (Barron, -0.1%), but 60 counties experienced increases of more than

2%. This is in contrast to 2009 when the value of taxable property decreased 0.5% on a statewide basis, and decreases in value occurred in 39 of the state's 72 counties. Unless these counties cut their levies in 2009(10), they will experience decreases in their levying capacity under the tax rate limit program. Nonetheless, most counties will have sufficient levying capacity in 2009(10) because of the unused levying authority that they accumulated between 1992(93) and 2008(09).

Based on each county's 2008 to 2009 change in equalized value, Attachment 2 also includes allowable increases in tax levies under the county tax rate limit program. The attachment's final two columns show the 2009(10) allowable increase in each county's actual operating levy both in dollars and percentages. Double-digit percentage increases will be allowed in 67 of the state's 72 counties, but there are five counties with allowable percentage increases of less than 10%:

<u>County</u>	<u>Actual 2008(09) Operating Levy</u>	<u>Allowable 2009(10) Levy</u>	<u>Allowable Increase</u>	<u>Allowable Percent Change</u>
Columbia	\$18,712,755	\$19,945,199	\$1,232,444	6.6%
La Crosse	23,871,328	25,144,425	1,273,097	5.3
Manitowoc	25,007,340	26,583,157	1,575,817	6.3
Marathon	46,155,458	50,027,728	3,872,270	8.4
Winnebago	50,634,502	54,745,445	4,110,943	8.1

If equalized values decrease for 2010, as occurred in 2009, allowable tax levy increases under the county tax rate limit program will diminish, and the number of counties constrained under the program could increase.

If you have any questions on this information, please let me know.

RO/le
Attachments

ATTACHMENT 1

Comparison of County Purpose Tax Rates*, 1992(93) and 2008(09)

<u>County</u>	<u>1992(93) Tax Rate</u>	<u>2008(09) Tax Rate</u>	<u>Percent Change</u>	<u>County</u>	<u>1992(93) Tax Rate</u>	<u>2008(09) Tax Rate</u>	<u>Percent Change</u>
State Total	\$5.22	\$3.72	-28.6%				
Adams	\$8.30	\$5.99	-27.9%	Marathon	\$6.17	\$5.17	-16.2%
Ashland	6.14	4.82	-21.5	Marinette	5.83	3.66	-37.2
Barron	5.62	4.26	-24.2	Marquette	7.41	5.85	-21.1
Bayfield	7.13	3.21	-55.0	Menominee	10.49	7.91	-24.6
Brown	5.02	4.54	-9.5	Milwaukee	5.51	3.96	-28.1
Buffalo	7.87	5.83	-25.9	Monroe	6.81	5.98	-12.2
Burnett	6.67	2.83	-57.6	Oconto	6.86	4.70	-31.5
Calumet	5.79	4.68	-19.1	Oneida	3.74	1.96	-47.5
Chippewa	3.99	3.26	-18.5	Outagamie	5.72	4.47	-21.9
Clark	9.38	6.68	-28.9	Ozaukee	3.00	1.66	-44.8
Columbia	4.62	4.35	-6.0	Pepin	9.51	6.53	-31.4
Crawford	6.61	6.41	-3.0	Pierce	5.87	4.52	-23.0
Dane	4.41	2.37	-46.3	Polk	5.18	4.08	-21.4
Dodge	6.70	5.08	-24.1	Portage	5.26	4.80	-8.6
Door	4.20	3.11	-26.1	Price	9.15	5.09	-44.4
Douglas	6.27	4.14	-33.9	Racine	4.90	3.31	-32.4
Dunn	7.78	6.48	-16.7	Richland	9.64	5.95	-38.3
Eau Claire	4.73	3.55	-25.0	Rock	6.52	5.38	-17.6
Florence	10.02	5.93	-40.8	Rusk	5.64	4.21	-25.4
Fond du Lac	4.98	5.03	0.9	Saint Croix	5.54	3.05	-44.9
Forest	5.76	4.09	-29.0	Sauk	5.46	4.18	-23.4
Grant	5.03	3.86	-23.4	Sawyer	5.27	2.43	-53.9
Green	7.08	4.93	-30.4	Shawano	5.35	4.53	-15.4
Green Lake	8.50	5.00	-41.2	Sheboygan	6.62	5.00	-24.4
Iowa	6.39	4.95	-22.5	Taylor	8.62	7.04	-18.4
Iron	5.26	3.81	-27.7	Trempealeau	7.57	5.99	-20.8
Jackson	7.57	6.31	-16.6	Vernon	7.75	5.20	-33.0
Jefferson	5.85	3.77	-35.7	Vilas	2.97	1.53	-48.6
Juneau	5.43	4.91	-9.5	Walworth	4.88	3.88	-20.5
Kenosha	4.47	3.84	-14.1	Washburn	7.44	3.84	-48.3
Kewaunee	7.65	6.34	-17.1	Washington	4.34	2.84	-34.5
La Crosse	4.30	3.72	-13.3	Waukesha	3.30	1.84	-44.2
Lafayette	10.25	6.67	-34.9	Waupaca	5.69	5.51	-3.3
Langlade	8.22	4.69	-43.0	Waushara	7.49	5.22	-30.3
Lincoln	6.86	5.09	-25.8	Winnebago	5.37	5.71	6.3
Manitowoc	6.68	5.47	-18.1	Wood	5.84	4.86	-16.9

* Tax rates are per \$1,000 of taxable value.

ATTACHMENT 2

Comparison of Operating Levies Under County Tax Rate Limit Program

<u>County</u>	<u>2008(09) Tax Levy (Operating Levy)</u>			<u>2009(10) Allowable Increase</u>	
	<u>Actual Tax Levy</u>	<u>Allowable Tax Levy</u>	<u>Difference</u>	<u>in Actual Tax Levy</u>	<u>Percent Change</u>
Adams	\$16,554,938	\$22,456,504	\$5,901,566	\$5,888,531	35.6%
Ashland	5,659,294	7,388,122	1,728,828	1,604,312	28.3
Barron	13,882,375	17,719,463	3,837,088	3,691,166	26.6
Bayfield	8,369,442	18,344,392	9,974,950	10,322,865	123.3
Brown	65,711,225	80,527,985	14,816,760	16,159,784	24.6
Buffalo	5,601,199	6,978,114	1,376,915	1,466,203	26.2
Burnett	7,842,408	17,185,969	9,343,561	9,087,037	115.9
Calumet	11,591,461	16,051,014	4,459,553	4,713,568	40.7
Chippewa	13,601,818	17,185,359	3,583,541	3,565,574	26.2
Clark	11,250,662	15,853,888	4,603,226	4,823,436	42.9
Columbia	18,712,755	19,824,513	1,111,758	1,232,444	6.6
Crawford	5,818,827	7,223,985	1,405,158	1,493,024	25.7
Dane	94,479,258	196,135,691	101,656,433	102,152,092	108.1
Dodge	29,748,786	38,577,374	8,828,588	8,999,452	30.3
Door	20,691,891	28,918,710	8,226,819	7,990,938	38.6
Douglas	10,578,717	17,199,351	6,620,634	7,052,592	66.7
Dunn	15,769,635	21,228,348	5,458,713	5,231,543	33.2
Eau Claire	18,677,265	22,888,157	4,210,892	4,291,400	23.0
Florence	3,175,520	4,502,712	1,327,192	1,261,027	39.7
Fond du Lac	28,515,984	31,793,019	3,277,035	4,036,753	14.2
Forest	4,746,414	6,794,420	2,048,006	1,905,794	40.2
Grant	8,744,268	11,828,339	3,084,071	3,259,615	37.3
Green	11,381,962	17,249,060	5,867,098	6,126,293	53.8
Green Lake	12,271,454	20,103,330	7,831,876	8,151,054	66.4
Iowa	8,839,985	10,410,947	1,570,962	1,468,492	16.6
Iron	3,332,844	5,008,700	1,675,856	1,701,869	51.1
Jackson	8,077,620	9,410,005	1,332,385	1,680,850	20.8
Jefferson	22,469,780	30,942,275	8,472,495	8,406,086	37.4
Juneau	9,216,881	11,811,574	2,594,693	2,165,546	23.5
Kenosha	39,544,065	52,688,961	13,144,896	12,377,896	31.3
Kewaunee	8,951,833	9,998,821	1,046,988	1,219,355	13.6
La Crosse	23,871,328	24,573,532	702,204	1,273,097	5.3
Lafayette	5,845,231	8,112,165	2,266,934	2,440,863	41.8
Langlade	7,711,926	14,318,626	6,606,700	6,528,939	84.7
Lincoln	11,753,988	14,419,057	2,665,069	2,839,005	24.2

<u>County</u>	<u>2008(09) Tax Levy (Operating Levy)</u>			<u>2009(10) Allowable Increase</u>	
	<u>Actual Tax Levy</u>	<u>Allowable Tax Levy</u>	<u>Difference</u>	<u>in Actual Tax Levy</u>	<u>Percent Change</u>
Manitowoc	\$25,007,340	\$25,666,200	\$658,860	\$1,575,817	6.3%
Marathon	46,155,458	50,171,790	4,016,332	3,872,270	8.4
Marinette	13,692,178	18,782,605	5,090,427	5,041,762	36.8
Marquette	8,673,659	11,118,938	2,445,279	2,350,647	27.1
Menominee	2,254,812	2,974,328	719,516	820,984	36.4
Milwaukee	198,748,097	266,538,206	67,790,109	61,287,343	30.8
Monroe	12,877,310	15,647,633	2,770,323	3,375,029	26.2
Oconto	16,835,406	21,796,551	4,961,145	4,719,494	28.0
Oneida	14,675,291	22,590,193	7,914,902	7,613,436	51.9
Outagamie	50,808,483	59,194,539	8,386,056	9,709,035	19.1
Ozaukee	17,966,501	33,372,242	15,405,741	14,831,219	82.5
Pepin	3,349,105	5,151,281	1,802,176	1,714,702	51.2
Pierce	13,673,825	17,891,361	4,217,536	3,156,174	23.1
Polk	15,889,454	23,778,947	7,889,493	6,886,545	43.3
Portage	21,572,004	23,925,787	2,353,783	2,274,703	10.5
Price	7,133,636	12,552,559	5,418,923	5,598,768	78.5
Racine	42,472,098	59,896,446	17,424,348	16,990,229	40.0
Richland	5,406,674	8,016,773	2,610,099	2,584,917	47.8
Rock	49,750,638	60,286,296	10,535,658	9,745,701	19.6
Rusk	4,128,446	6,454,808	2,326,362	2,095,323	50.8
Saint Croix	22,598,733	40,814,033	18,215,300	15,969,086	70.7
Sauk	26,496,722	33,970,224	7,473,502	7,326,875	27.7
Sawyer	9,174,411	20,180,935	11,006,524	10,779,602	117.5
Shawano	12,660,793	16,037,866	3,377,073	3,332,405	26.3
Sheboygan	37,384,476	47,816,787	10,432,311	10,739,289	28.7
Taylor	8,335,280	10,019,805	1,684,525	1,808,795	21.7
Trempealeau	9,118,686	12,549,669	3,430,983	3,753,149	41.2
Vernon	7,685,269	11,483,300	3,798,031	4,140,153	53.9
Vilas	10,874,916	22,875,242	12,000,326	11,542,497	106.1
Walworth	40,670,150	68,177,307	27,507,157	28,340,528	69.7
Washburn	9,912,412	17,340,399	7,427,987	7,199,275	72.6
Washington	34,274,960	51,923,633	17,648,673	17,579,502	51.3
Waukesha	80,203,302	144,796,278	64,592,976	62,270,711	77.6
Waupaca	15,262,424	17,424,530	2,162,106	2,264,080	14.8
Waushara	13,808,807	19,823,616	6,014,809	5,168,642	37.4
Winnebago	50,634,502	54,411,702	3,777,200	4,110,943	8.1
Wood	20,059,532	25,396,592	5,337,060	5,174,359	25.8

Operating Rates and Limits

	<u>1992</u>	<u>2009</u>	<u>2009 %</u>	<u>% CHANGE</u>	<u>2010</u>	<u>2010 %</u>
	<u>OPERATING</u>	<u>OPERATING</u>	<u>BELOW</u>	<u>IN EQUALIZED</u>	<u>OPERATING</u>	<u>BELOW</u>
<u>COUNTY</u>	<u>RATE</u>	<u>RATE</u>	<u>RATE</u>	<u>VALUE 2008-</u>	<u>RATE</u>	<u>RATE</u>
	<u>LIMIT</u>		<u>LIMIT</u>	<u>09</u>		<u>LIMIT</u>
Columbia	3.80	3.58	5.79%	0.63	3.69	2.89%
Winnebago	4.71	4.38	7.01%	0.70	4.53	3.82%
La Crosse	3.24	3.15	2.78%	2.55	3.08	4.94%
Marathon	5.31	4.88	8.10%	-0.34	4.96	6.59%
Fond du Lac	4.64	4.16	10.34%	1.54	4.30	7.33%
Kewaunee	6.91	6.18	10.56%	1.71	6.33	8.39%
Waupaca	4.57	4.00	12.47%	0.41	4.17	8.75%
Manitowoc	5.05	4.92	2.57%	4.57	4.55	9.90%
Iowa	5.56	4.72	15.11%	0.25	4.92	11.51%
Rock	5.89	4.86	17.49%	-0.88	5.18	12.05%
Outagamie	4.57	3.92	14.22%	0.67	3.99	12.69%
Crawford	6.91	5.56	19.54%	1.62	5.94	14.04%
Portage	4.77	4.30	9.85%	0.01	4.09	14.26%
Jackson	6.85	5.88	14.16%	3.63	5.85	14.60%
Monroe	6.48	5.34	17.59%	0.47	5.48	15.43%
Pierce	5.47	4.18	23.58%	-5.91	4.59	16.09%
Juneau	5.42	4.23	21.96%	-3.25	4.54	16.24%
Lincoln	6.04	4.92	18.54%	1.12	5.01	17.05%
Brown	4.45	3.63	18.43%	-0.38	3.69	17.08%
Taylor	7.81	6.49	16.90%	1.49	6.47	17.16%
Wood	5.51	4.35	21.05%	0.59	4.52	17.97%
Shawano	5.35	4.22	21.12%	-0.12	4.37	18.32%
Chippewa	3.87	3.06	20.93%	-0.34	3.16	18.35%
Sauk	5.12	3.99	22.07%	-1.42	4.16	18.75%
Barron	4.57	3.58	21.66%	-0.80	3.70	19.04%
Marquette	6.79	5.30	21.94%	-0.87	5.45	19.73%
Ashland	5.77	4.42	23.40%	-1.43	4.63	19.76%
Dunn	7.62	5.66	25.72%	-0.31	6.11	19.82%
Lafayette	8.18	5.89	28.00%	2.86	6.54	20.05%
Kenosha	3.66	2.75	24.86%	-0.56	2.92	20.22%
Eau Claire	3.45	2.82	18.26%	0.49	2.75	20.29%
Bufflo	7.1	5.69	19.86%	1.63	5.63	20.70%
Dodge	6.32	4.87	22.94%	0.69	5.00	20.89%
Oconto	5.96	4.61	22.65%	-1.12	4.68	21.48%
Milwaukee	4.08	3.04	25.49%	-2.03	3.2	21.57%
Sheboygan	5.39	4.21	21.89%	1.00	4.17	22.63%
Rusk	5.25	3.36	36.00%	-3.27	4.02	23.43%

Adams	7.99	5.89	26.28%	-0.40	6.11	23.53%
Marinette	5	3.64	27.20%	-0.17	3.79	24.20%
Waushara	7.48	5.21	30.35%	-4.10	5.65	24.47%
Menominee	9.66	7.32	24.22%	3.41	7.27	24.74%
Jefferson	4.66	3.39	27.25%	-0.24	3.48	25.32%
Polk	4.81	3.21	33.26%	-4.14	3.59	25.36%
Florence	7.59	5.35	29.51%	-1.47	5.66	25.43%
Grant	4.41	3.26	26.08%	2.05	3.27	25.85%
Calumet	5.1	3.68	27.84%	2.87	3.77	26.08%
Forest	5.74	4.01	30.14%	-2.10	4.22	26.48%
Green	6.57	4.33	34.09%	1.53	4.81	26.79%
Clark	8.91	6.32	29.07%	1.43	6.42	27.95%
Richland	7.62	5.14	32.55%	0.57	5.48	28.08%
Trempealeau	7.52	5.46	27.39%	2.67	5.39	28.32%
Racine	3.9	2.77	28.97%	-0.50	2.78	28.72%
Door	3.9	2.79	28.46%	-0.80	2.76	29.23%
Iron	4.94	3.28	33.60%	0.51	3.42	30.77%
Washington	3.84	2.53	34.11%	0.13	2.61	32.03%
Vernon	6.73	4.5	33.14%	2.80	4.51	32.99%
Pepin	9.32	6.06	34.98%	-2.40	6.24	33.05%
Oneida	2.93	1.90	35.15%	-1.36	1.93	34.13%
Saint Croix	4.75	2.63	44.63%	-5.37	3.04	36.00%
Walworth	4.6	2.74	40.43%	0.93	2.93	36.30%
Green Lake	8.18	4.99	39.00%	2.54	5.14	37.16%
Douglas	5.07	3.11	38.66%	2.69	3.16	37.67%
Waukesha	2.78	1.54	44.60%	-1.78	1.61	42.09%
Langlade	8.22	4.42	46.23%	-0.34	4.75	42.21%
Price	8.47	4.81	43.21%	1.47	4.89	42.27%
Ozaukee	2.97	1.60	46.13%	-1.56	1.59	46.46%
Dane	3.9	1.87	52.05%	0.79	2.07	46.92%
Washburn	6.47	3.70	42.81%	-1.34	3.34	48.38%
Vilas	2.88	1.37	52.43%	-1.92	1.47	48.96%
Burnett	5.87	2.68	54.34%	-1.46	2.82	51.96%
Sawyer	5.2	2.36	54.62%	-1.12	2.47	52.50%
Bayfield	6.77	3.09	54.36%	1.89	3.09	54.36%



WISCONSIN STATE REPRESENTATIVE

Jennifer Shilling

95TH ASSEMBLY DISTRICT

**Testimony in support of Assembly Bill 788
County Financial Stabilization Act**

Assembly Committee on Urban and Local Affairs

March 23, 2010

Good afternoon Chairperson Berceau and members of the committee. Thank you for holding a public hearing on Assembly Bill 788.

As we all know, local governments are facing many financial challenges in light of the economic downturn. With an already high demand for many local services, counties are finding it increasingly difficult to maintain funding and protect the quality of these critical services to residents.

While counties around the state are struggling with tough budgetary decisions, some counties are at a greater disadvantage than others as a result of the 1992 tax levy rate limit. This limit prevents counties from exceeding the equalized operating rate that was in effect in 1992 without going to a referendum. In addition to the rate limit, the levy freeze cap prevents a county from increasing the operating tax levy by more than three percent without a referendum.

For counties like La Crosse who were very financially frugal in the early 1990's, they are now being punished by having to go to referendums to pass modest levy increases. La Crosse has the 5th lowest total county levy per person in our state at \$234 per person. The Wisconsin average is \$371 per person, nearly 60% higher than La Crosse County.

Given the need to fund important local services, I believe that removing the 1992 rate limit will allow counties greater financial flexibility while protecting taxpayers under the three percent levy freeze.

I am pleased to be joined here today by La Crosse County Administrator Steve O'Malley who can help to further explain the pressures that our county is facing. Thank you again for your consideration.





Office of County Administrator
County of La Crosse, Wisconsin

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Memo To: Legislative Committee on Urban and Local Affairs
From: Steve O'Malley, County Administrator
Date: March 23, 2010

Re: Support for AB 788, sunset provision for County Tax Levy Rate Limit due to conflict with Tax Levy Freeze and disparate impact on Wisconsin Counties

Counties are currently under two separate levy constraints:

- 1. The tax levy rate limit Wis Stats 59.605** (The rate limit does not allow a county to exceed the equalized operating rate in effect in 1992); and
- 2. The levy freeze cap Wis Stat 66.0602** (The levy freeze cap does not allow a County to increase the operating tax levy by more than 3% without a referendum – the operating levy excludes debt service and special purpose levies.)

The two limits come into conflict when equalized property valuations grow at less than 3% and a County equalized operating rate is nearing the 1992 limit. The impact of this conflict has a disparate impact, since it will only affect a few Counties in the near future – and not necessarily those with relatively higher spending or higher tax rates. [The tax rate is a function of the total operating tax levy and the size of the tax base: equalized property value].

If the levy is increased by 3% as permitted, the rate must go up, unless total tax base grows by more than 3%. In all but three counties, total equalized property values grew by less than 3% for the 2010 budget. Nearly half the counties have property valuations that are shrinking. Several counties may be unable to increase their operating levy for 2011 within the 3% allowed, or will be forced to decrease their levy if the 1992 operating rate limits remain. The impact of the rate limit does not differentiate between relative levels of spending or comparison of tax rates.

La Crosse County Example: Even though the County Board decreased the Operating Levy for 2010, and already has the 5th lowest Total Tax Levy per capita, La Crosse County could not raise our operating levy by the same 3% per year that most WI Counties are allowed, if tax base shows no growth over the next 2 years. And if Total Equalized Value declines by as much as 5%, the County would have to impose an absolute 0% restriction, while many Counties with higher taxes would be able to go up by 3% each year, under the levy freeze cap.

In a severe economic downturn, demand for county services (economic support, corrections, sheriff patrol, jail and many other services) increase while the rate limit may force counties to decrease their levy, even if the levy freeze allows a small increase. The levy freeze prevents counties from benefiting from appreciation of the tax base in good times, and the operating rate limits ensure that some counties are hurt by depreciation in times like these.

The provisions of the two separate levy constraints on Wisconsin Counties are conflicting and have a disparate arbitrary impact on Counties independent of any actual spending decisions that County Boards are able to affect. The provisions of 59.605 should be repealed to allow the clear and simple affect of the levy freeze cap.

Urge Sunset of 1992 Operating Rate Limit due to conflict with Tax Levy Freeze and disparate impact on Wisconsin Counties

Counties are currently under two separate levy constraints:

1. The tax levy rate limit Wis Stats 59.605 (The rate limit does not allow a county to exceed the equalized operating rate in effect in 1992); and
2. The levy freeze cap Wis Stat 66.0602 (The levy freeze cap does not allow a County to increase the operating tax levy by more than 3% without a referendum - operating levy excludes debt services and special purpose levies.

The two limits come into conflict when equalized property valuations grow at less than the 3% cap and a County equalized operating rate is nearing the 1992 limit. The impact of this conflict has a disparate impact, since it will only affect a few Counties – and not those with relatively higher spending or higher tax rates.

Nine Counties Most Likely to be Restrained by 1992 Operating Rate Limit

Yr Adopted Local Option Sales Tax	COUNTY	1992 Operating Rate Limit	2009 Operating Tax Rate	% Below Rate Limit	% Change in Equalized Value 08-09	2009 Total Rate	Total Levy Per Capita	Ranking Levy Per Capita
NONE	Manitowoc	5.05	4.92	2.57%	4.57	\$ 5.47	\$327.02	54
1990	La Crosse	3.24	3.15	2.78%	2.55	\$ 3.72	\$250.21	68
1989	Columbia	3.80	3.58	5.79%	0.63	\$ 4.35	\$403.82	25
NONE	Winnebago	4.71	4.38	7.01%	0.7	\$ 5.69	\$397.29	28
1987	Marathon	5.31	4.88	8.10%	-0.34	\$ 5.17	\$360.93	39
1989	Portage	4.77	4.30	9.85%	0.01	\$ 4.80	\$341.50	47
NONE - 2010	Fond du Lac	4.64	4.16	10.34%	1.54	\$ 5.03	\$338.22	49
NONE	Kewaunee	6.91	6.18	10.56%	1.71	\$ 6.34	\$429.58	23
1989	Waupaca	4.57	4.00	12.47%	0.41	\$ 5.51	\$387.60	32

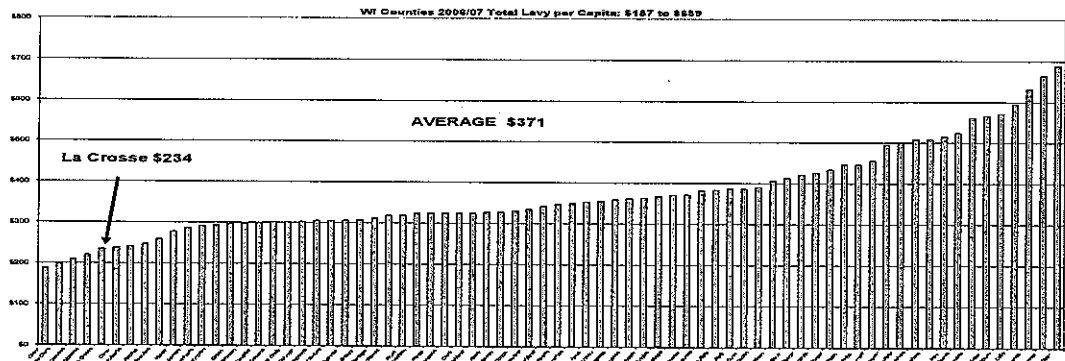
**Disparate Impact on La Crosse County would be particularly unjust, since La Crosse County taxes are
already among the lowest in comparison to other Wisconsin Counties:**

**La Crosse is
68th out of 72**

5th Lowest

**Total County Levy
\$234 per person**

**The WI Avg. is \$371
58% higher than
La Crosse**



La Crosse is

58th of 72

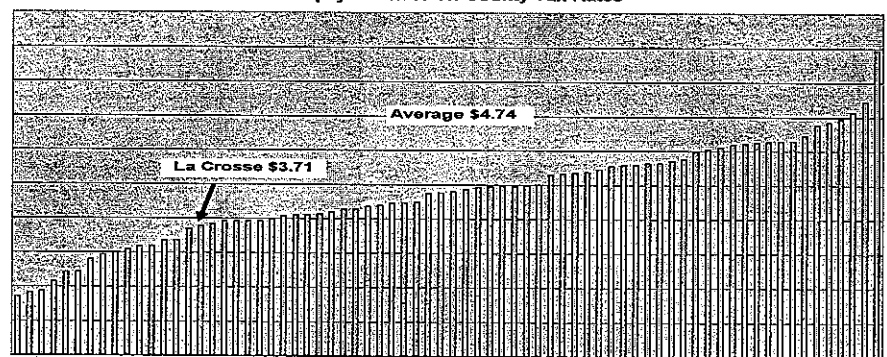
15th Lowest Tax Rate

**Note: High tax base is generally one of
the largest determinants of low tax rate,
except in La Crosse.**

**The Avg. tax base (in the 15 Counties
with the lowest rates) is \$5.3 billion
more than La Crosse.**

**The Avg. Value per capita in those 15
Counties is twice as high as La Crosse.**

2006 payable 2007 WI County Tax Rates



WI County Tax Rates for 2008 Taxes Payable 2009 – Most Recent State-wide Data Available

WI Counties Sorted by TOTAL Tax Rate	
County	2008/09
Vilas	\$ 1.53
Ozaukee	\$ 1.66
Waukesha	\$ 1.84
Oneida	\$ 1.96
Dane	\$ 2.37
Sawyer	\$ 2.43
Burnett	\$ 2.83
Washington	\$ 2.84
St Croix	\$ 3.05
Door	\$ 3.11
Bayfield	\$ 3.21
Chippewa	\$ 3.26
Racine	\$ 3.31
Eau Claire	\$ 3.55
Marinette	\$ 3.66
La Crosse	\$ 3.72
Jefferson	\$ 3.77
Iron	\$ 3.81
Kenosha	\$ 3.84
Washburn	\$ 3.84
Grant	\$ 3.86
Walworth	\$ 3.88
Milwaukee	\$ 3.96
Polk	\$ 4.08
Forest	\$ 4.09
Douglas	\$ 4.14
Sauk	\$ 4.18
Rusk	\$ 4.21
Barron	\$ 4.26
Columbia	\$ 4.35
Outagamie	\$ 4.47
Pierce	\$ 4.52
Shawano	\$ 4.53
Brown	\$ 4.54
Calumet	\$ 4.68
Langlade	\$ 4.69
Oconto	\$ 4.70
Portage	\$ 4.80
Ashland	\$ 4.82
Wood	\$ 4.86
Juneau	\$ 4.91
Green	\$ 4.93
Iowa	\$ 4.95
Green Lake	\$ 5.00
Sheboygan	\$ 5.00
Fond du Lac	\$ 5.03
Dodge	\$ 5.08
Price	\$ 5.09
Lincoln	\$ 5.09
Marathon	\$ 5.17
Vernon	\$ 5.20
Waushara	\$ 5.22
Rock	\$ 5.38
Manitowoc	\$ 5.47
Waupaca	\$ 5.51
Winnebago	\$ 5.69
Buffalo	\$ 5.83
Marquette	\$ 5.85
Florence	\$ 5.93
Richland	\$ 5.95
Monroe	\$ 5.98
Adams	\$ 5.99
Trempealeau	\$ 5.99
Jackson	\$ 6.31
Kewaunee	\$ 6.34
Crawford	\$ 6.40
Dunn	\$ 6.48
Pepin	\$ 6.53
Clark	\$ 6.67
Lafayette	\$ 6.67
Taylor	\$ 7.04
Menominee	\$ 7.91

WI Counties Sorted in order of closest to 1992 Rate Limit					
Yr Adopted Local Option Sales Tax	COUNTY	1992 OPERATING RATE LIMIT	2009 OPERATING RATE	% BELOW RATE LIMIT	EQUALIZED VALUE % CHANGE 2008-09
None	Manitowoc	5.05	4.92	2.57%	4.57%
1990	LaCrosse	3.24	3.15	2.78%	2.55%
1989	Columbia	3.80	3.58	5.79%	0.63%
None	Winnebago	4.71	4.38	7.01%	0.70%
1987	Marathon	5.31	4.88	8.10%	-0.34%
1989	Portage	4.77	4.30	9.85%	0.01%
None - 2010	Fond du Lac	4.64	4.16	10.34%	1.54%
None	Kewaunee	6.91	6.18	10.56%	1.71%
1989	Waupaca	4.57	4.00	12.47%	0.41%
1987	Jackson	6.85	5.88	14.16%	3.63%
None	Outagamie	4.57	3.92	14.22%	0.67%
1987	Iowa	5.56	4.72	15.11%	0.25%
1999	Taylor	7.81	6.49	16.90%	1.49%
2007	Rock	5.89	4.86	17.49%	-0.88%
1990	Monroe	6.48	5.34	17.59%	0.47%
1999	Eau Claire	3.45	2.82	18.26%	0.49%
None	Brown	4.45	3.63	18.43%	-0.38%
1987	Lincoln	6.04	4.92	18.54%	1.12%
1991	Crawford	6.91	5.56	19.54%	1.62%
1987	Bufflo	7.10	5.69	19.86%	1.63%
1991	Chippewa	3.87	3.06	20.93%	-0.34%
2004	Wood	5.51	4.35	21.05%	0.59%
1990	Shawano	5.35	4.22	21.12%	-0.12%
1986	Barron	4.57	3.58	21.66%	-0.80%
None	Sheboygan	5.39	4.21	21.89%	1.00%
1989	Marquette	6.79	5.30	21.94%	-0.87%
1992	Juneau	5.42	4.23	21.96%	-3.25%
1992	Sauk	5.12	3.99	22.07%	-1.42%
1994	Oconto	5.96	4.61	22.65%	-1.12%
1994	Dodge	6.32	4.87	22.94%	0.69%
1988	Ashland	5.77	4.42	23.40%	-1.43%
1988	Pierce	5.47	4.18	23.58%	-5.91%
None	Menominee	9.66	7.32	24.22%	3.41%
1991	Kenosha	3.66	2.75	24.86%	-0.56%
1991	Milwaukee	4.08	3.04	25.49%	-2.03%
1986	Dunn	7.62	5.66	25.72%	-0.31%
2002	Grant	4.41	3.26	26.08%	2.05%
1994	Adams	7.99	5.89	26.28%	-0.40%
2001	Marinette	5.00	3.64	27.20%	-0.17%
1991	Jefferson	4.66	3.39	27.25%	-0.24%
1995	Trempealeau	7.52	5.46	27.39%	2.67%
None	Calumet	5.10	3.68	27.84%	2.87%
2001	Lafayette	8.18	5.89	28.00%	2.86%
1988	Door	3.90	2.79	28.46%	-0.80%
None	Racine	3.90	2.77	28.97%	-0.50%
None	Clark	8.91	6.32	29.07%	1.43%
2006	Florence	7.59	5.35	29.51%	-1.47%
1995	Forest	5.74	4.01	30.14%	-2.10%
1990	Waushara	7.48	5.21	30.35%	-4.10%
1989	Richland	7.62	5.14	32.55%	0.57%
1997	Vernon	6.73	4.50	33.14%	2.80%
1988	Polk	4.81	3.21	33.26%	-4.14%
1991	Iron	4.94	3.28	33.60%	0.51%
1999	Green	6.57	4.33	34.09%	1.53%
1999	Washington	3.84	2.53	34.11%	0.13%
1991	Pepin	9.32	6.06	34.98%	-2.40%
1987	Oneida	2.93	1.90	35.15%	-1.36%
1987	Rusk	5.25	3.36	36.00%	-3.27%
1991	Douglas	5.07	3.11	38.66%	2.69%
1999	Green Lake	8.18	4.99	39.00%	2.54%
1987	Walworth	4.60	2.74	40.43%	0.93%
1991	Washburn	6.47	3.70	42.81%	-1.34%
1993	Price	8.47	4.81	43.21%	1.47%
None	Waukesha	2.78	1.54	44.60%	-1.78%
1987	Saint Croix	4.75	2.63	44.63%	-5.37%
1991	Ozaukee	2.97	1.60	46.13%	-1.56%
1988	Langlade	8.22	4.42	46.23%	-0.34%
1991	Dane	3.90	1.87	52.05%	0.79%
1988	Vilas	2.88	1.37	52.43%	-1.92%
1989	Burnett	5.87	2.68	54.34%	-1.46%
1991	Bayfield	6.77	3.09	54.36%	1.89%
1987	Sawyer	5.20	2.36	54.62%	-1.12%

9 Counties
most likely
to be
restrained
by 1992 Limit

2010 Wisconsin Counties Closest to the 1992 Levy Limit

	<u>1992</u>	<u>2009</u>	<u>2009%</u>	<u>% CHANGE</u>	<u>2010</u>	<u>2010%</u>
<u>COUNTY</u>	<u>OPERATING RATE</u> <u>LIMIT</u>	<u>OPERATING</u> <u>RATE</u>	<u>BELOW RATE</u> <u>LIMIT</u>	<u>IN EQUALIZED</u> <u>VALUE 2008-09</u>	<u>OPERATING</u> <u>RATE</u>	<u>BELOW RATE</u> <u>LIMIT</u>
Columbia	3.80	3.58	5.79%	0.63	3.69	2.89%
Winnebago	4.71	4.38	7.01%	0.70	4.53	3.82%
La Crosse	3.24	3.15	2.78%	2.55	3.08	4.94%
Marathon	5.31	4.88	8.10%	-0.34	4.96	6.59%
Fond du Lac	4.64	4.16	10.34%	1.54	4.30	7.33%
Kewaunee	6.91	6.18	10.56%	1.71	6.33	8.39%
Waupaca	4.57	4.00	12.47%	0.41	4.17	8.75%
Manitowoc	5.05	4.92	2.57%	4.57	4.55	9.90%
Iowa	5.56	4.72	15.11%	0.25	4.92	11.51%
Rock	5.89	4.86	17.49%	-0.88	5.18	12.05%
Outagamie	4.57	3.92	14.22%	0.67	3.99	12.69%
Crawford	6.91	5.56	19.54%	1.62	5.94	14.04%
Portage	4.77	4.30	9.85%	0.01	4.09	14.26%
Jackson	6.85	5.88	14.16%	3.63	5.85	14.60%
Monroe	6.48	5.34	17.59%	0.47	5.48	15.43%
Pierce	5.47	4.18	23.58%	-5.91	4.59	16.09%
Juneau	5.42	4.23	21.96%	-3.25	4.54	16.24%
Lincoln	6.04	4.92	18.54%	1.12	5.01	17.05%
Brown	4.45	3.63	18.43%	-0.38	3.69	17.08%

Columbia County equalized value is \$5,247,299,300. The difference between our current levy and the levy limit is only \$577,203. Over the last decade, the average increase in our County levy is approximately \$600,000 annually. If our Equalized Value does not change (very unlikely), we will consume our levy authority in average inflationary expense alone. Increased costs for binding arbitration, health insurance, fuel and increased demand for services is unavoidable. We have no optional services left to cut. For every 1% decline in our Equalized Value, our levy authority is reduced approximately \$200,000. The combination of average increased cost of county business and a 3% to 6% decline in our Equalized Value would prevent us from meeting our statutory obligations. Will the State then penalize us for not providing the services they are partially paying us for?

Columbia Co.
Equalized

Value --->	\$ 5,247,299,300	\$ 5,247,299,300	
Levy limit-->	0.0038	0.00369	<--2010 levy
Levy limit\$-->	\$ 19,939,737	\$ 19,362,534	<--2010 levy\$
Difference =	\$ 577,203		

MEMORANDUM

TO: Honorable Members of the Assembly Committee on Urban and Local Affairs

FROM: David Callender, Legislative Associate

DATE: March 23, 2010

SUBJECT: Support for Assembly Bill 788

The Wisconsin Counties Association supports Assembly Bill 788 (AB 788), which creates a sunset date of December 31, 2009 for county property tax rate limits.

Background: Counties operate under two separate and distinct sets of state-imposed limits. Under levy limits, which were imposed beginning in 2005, counties may only increase their tax levies by either three percent or the increase in equalized valuation due to new construction, whichever is greater. Last year, all 72 Wisconsin counties enacted budgets with levy increases below the state-imposed limit. AB 788 does not affect the levy limits; therefore, sunseting the tax rate limits will not increase property taxes beyond what is already permitted under the levy limits.

Counties also operate under tax (mill) rate limits, which were imposed beginning in 1994 as part of the 1993-95 state budget.

Under the tax rate limit, each county's operating levy cannot increase by more than an amount based on its prior year's allowable levy plus an adjustment equal to the percentage change in the county's equalized value. In practice, this means that each county is limited to the tax rate adopted in 1992 payable in 1993, unless a county has claimed an adjustment to its levy.

The problem: While the tax rate limits have not posed a significant restraint on counties during a period of rising equalized values, the current economic downturn and subsequent decline in equalized values now threatens some counties who are at or near their 1992 tax rates. As a result, counties that are already complying with the levy limits could still be forced to cut their spending further in order to comply with the tax rate limits. Counties that exceed the tax rate limits will lose shared revenue payments.

WCA believes that the property tax rate limits are no longer needed because of the current levy limits. The continued application of property tax rate limits will force counties facing declining property values, who are already complying with the levy limits, to make additional deep cuts in services in order to stay under the tax rate limits. At least eight counties may have to make such cuts as soon as this fall.

Those counties most at risk are:

County	1992 Operating Rate Limit	Percentage Change in Equalized Value 2008-09	2010 Operating Rate	2010 Percentage Below Rate Limit
Columbia	\$3.80	0.63%	\$3.69	2.89%
Winnebago	\$4.71	0.70%	\$4.53	3.82%
La Crosse	\$3.24	2.55%	\$3.08	4.94%
Marathon	\$5.31	-0.34%	\$4.96	6.59%
Fond du Lac	\$4.64	1.54%	\$4.30	7.33%
Kewaunee	\$6.91	1.71%	\$6.33	8.39%
Waupaca	\$4.57	0.41%	\$4.17	8.75%
Manitowoc	\$5.05	4.57%	\$4.55	9.90%
Iowa	\$5.56	0.25%	\$4.92	11.51%

This legislation is urgently needed before the end of the current legislative session. Counties will not be notified of their equalized values until August 15; if the equalized values decline by amounts greater than those shown above, the counties will have to cut spending in next year's budgets in order to maintain their 1992 property tax rates. Preliminary estimates indicate that at least two or three counties will have to make such reductions, so for residents who depend on services in these counties, a legislative "fix" next year will be too late.

These reductions are in addition to other cuts that will have to be made in order for counties to comply with the levy limits. Counties are already struggling to maintain basic services to families hit hard by the current economic downturn, particularly in the wake of funding cuts from the state. The continued application of tax rate limits presents an untenable situation that needs to be corrected immediately.

WCA respectfully urges the Committee to approve this bill.

Peloquin, Traci

From: PHIL BOUTWELL [PHILB@co.rock.wi.us]
Sent: Monday, March 22, 2010 3:06 PM
To: Rep.Berceau
Cc: J. RUSSELL PODZILNI; callender@wicounties.org
Subject: AB 788

Rep. Berceau,

I am sending you this email on behalf of Rock County Board Chair Russ Podzilni. He is pleased to see that you sponsored AB 788 as well as scheduled for a hearing before your Assembly Committee on Urban and Local Affairs. Rock County could be up against rate limits in just a couple years due to declining equalized value. Rate limits could have serious impact on county operations for reasons completely beyond our control. Furthermore, the only local unit of government that is under rate limits is county government. Why should we be treated different from cities, towns, and villages? Thus, Mr. Podzilni is in support of AB 788.

Phil Boutwell
Assistant to the County Administrator

3/23/2010